

Any Market Hogs delivered by Producer under an IBP Carcass Hog Contract (also known as the CME forward contract) will be counted as part of Producer's Annual Total Production commitment in Section 2, however, the Producer will not have any Floor Price guarantee or Deficiency Account protection and Reserve Accounts will not be deducted. The Producer will receive the forward contract price for Market Hog deliveries under the forward contract which exceeds the amounts that would be received using the Floor Price at the time of delivery, will be deducted from Producer's check and applied to the Deficiency Account until such account has a zero balance.

Section 12. Waivers

Failure of IBP or Producer to insist upon strict performance of any of the terms and conditions hereof, or failure or delay to exercise any right or remedies provided herein, or by law, or to properly notify either party in the event of a breach or the acceptance of payment for any goods hereunder, shall not release either party from any of the warranties or obligations of this Agreement, and shall not be deemed a waiver of any right by either party to insist upon strict performance hereof, or any of its rights or remedies regardless when shipped, received or accepted, or as to any prior or subsequent default hereunder, nor shall any purported oral modification operate as a waiver or any of the Agreement terms.

Section 13. Assignment

If Producer sells or leases the facilities used to produce Market Hogs, this Agreement must be assigned to the purchaser or lessee of the facilities. Such assignment, and all other assignments shall not be made by either party without first receiving the other party's written consent, which consent will not unreasonably be withheld.

Section 14. Representation of Producer

Producer will, at all times during the Term and any renewed or extended term hereof, be supervised by a licensed veterinarian and will properly use any applicable drugs and adhere to the required withdrawal procedures. Producer must be on the Pork Quality Assurance Program and must be at Level III of the Pork Quality Assurance Program. If the National Pork Producer Council, or its predecessors, creates a level higher than Level III, Producer will attain such higher level within a reasonable period of time.

Section 15. Representation of IBP

IBP shall keep all necessary records with respect to the receipt, weighing, and payment of all livestock in accordance with its regular record retention and destruction schedule. Producer may inspect such records during the normal business hours at locations designated by IBP on reasonable notice by Producer to IBP. IBP shall supply copies of such records as Producer may reasonably request at Producer's expense.